



FY 2011 PERFORMANCE PLAN Public Service Commission

MISSION

The mission of the Public Service Commission is to serve the public interest by ensuring that financially healthy electric, natural gas, and telecommunications companies provide safe, reliable, and quality services at reasonable rates for District of Columbia residential, business, and government customers. This mission includes:

- Protecting consumers to ensure public safety, reliability, and quality utility services;
- Regulating monopoly utility services to ensure their rates are just and reasonable;
- Fostering fair and open competition among utility service providers;
- Conserving natural resources and preserving environmental quality;
- Resolving disputes among consumers and utility service providers;
- Educating utility consumers and informing the public;
- Motivating customer and results-oriented employees.

SUMMARY OF SERVICES

The Public Service Commission regulates public utilities operating in the District of Columbia by issuing orders in formal proceedings that may include written comments or testimony, hearings, studies, and investigations; ensuring fair and appropriate utility prices; fostering competition by licensing utility service providers and supervising the competitive bidding process; ensuring utility providers meet various environmental regulations and standards by operating in ways that conserve natural resources and preserve environmental quality; and resolving disputes among consumers and utility service providers.

In addition to its regulatory services, the Commission also conducts outreach via its website, public forums, and various literature in order to educate utility consumers and inform the public.



AGENCY WORKLOAD MEASURES

Measure	FY2008 Actual	FY2009 Actual	FY2010 YTD
No. of cases opened ¹	85	471	1,276
No. of orders issued	498	628	326
No. of natural gas pipeline safety inspections conducted	360	395	503
No. of One-Call (Miss Utility or Call Before You Dig) inspections conducted ²	644	780	380
No. of payphone inspections conducted	2,942	3,361	2,962
No. of Renewable Portfolio Standards (RPS) applications processed ³	4	191	1,045
No. of consumer complaints processed	1,990	2,220	1,063
No. of website hits ⁴	N/A	1,202,127	997,636
No of e-docket (electronic filing) hits ⁵	N/A	735,141	626,730

OBJECTIVE 1: Ensure Safe and Quality Service by Managing the Natural Gas Pipeline Safety Program, Monitoring Utility Providers' Compliance with the Commission's Service Quality Standards, and Investigating Outages.

OBJECTIVE 2: Ensure Reliable Electricity Service by Facilitating the Transition to a "Smart Grid," a More Technologically Advanced Network That Includes Advanced Metering, Communications, and Delivery Systems.

¹ The sharp increase in the no. of cases opened and related measures between FY09 and FY10 reflects a surge in solar generator applications in accordance with the PSC's Renewable Energy Portfolio. Each application is counted as a case.

² Each year, the Commission has been awarded a federal grant from the U.S. Department of Transportation that funds safety inspections of location markings to prevent damage to underground utility facilities.

³ The sharp increase in the no. of cases opened and related measures between FY09 and FY10 reflects a surge in solar generator applications in accordance with the PSC's Renewable Energy Portfolio. Each application is counted as a case.

⁴ Ibid.

⁵ FY09 and FY10 data are not comparable to FY08 data because a newer version of Webtrends software was used that more effectively filters out "spiders." Spiders are automated programs that browse the web and are not real browsers.



INITIATIVE 2.1: Monitor Pepco's deployment of advanced meters and communications network throughout FY 11 through review, discovery, and analysis of Pepco's quarterly reports.

In Order No. 15854, issued on June 18, 2010, the Commission approved Pepco's advanced meter test results that the Company had filed at the Commission's direction. Pepco plans to begin deploying the meters in residences and businesses in October 2010. At this point, Pepco is projecting a completion date of December 31, 2011. When coupled with a communications network, the new meters will be capable of two-way communication between the customer and the company. However, that feature will initially be invoked for quality testing purposes only. Pepco will be able to read the meters, when operational, without coming to or driving by customers' premises, and the company will be able to detect outages without customers having to call the company. The company will also be able to connect and disconnect service without visiting the premises. The new Advanced Metering Infrastructure (AMI) meters, coupled with smart thermostats or switches, will permit Pepco ultimately to implement AMI-dependent Demand Response (DR) programs to reduce electricity usage during peak demand to prevent outages, brownouts, and other interruptions, and to save consumers money.

INITIATIVE 2.2: Work with Pepco, the Office of the People's Counsel (OPC), and other stakeholders to design and mount a customer education campaign for the implementation of Pepco's AMI program, including an AMI section to the Commission's Website.

Studies and recent experience in California, Texas, and Delaware indicate that customer education is vital to the successful deployment of AMI. Within that context, on July 19, 2010, the Commission issued Order No. 15886 that mandated the formation of an AMI Task Force to be comprised of Pepco, OPC, the Commission, the Sustainable Energy Utility (SEU) the District Department of the Environment (DDOE) and any other governmental and non-governmental entities that represent specific consumer interests. The purpose of the Task Force is to develop a comprehensive program to educate consumers on the implementation of AMI in the District. The first meeting of the Task Force was held on August 4, 2010 at the Commission. Meanwhile, on our own initiative but in collaboration with other stakeholders, by October 1, 2010, the Commission will add an AMI section to the home page of its website that will include Frequently Asked Questions (FAQs), fact sheets, brochures and other materials prepared by the Office of Consumer Services, as well as links to Pepco's website for additional information. Updates to the AMI section of the website will continue throughout FY11. The Commission will also educate consumers and inform the public by attending ANC and civic association meetings in each neighborhood before the meters will be deployed and distributing written information.



INITIATIVE 2.3: Ensure Pepco implements a Demand Response (DR) program by the summer of 2011 by addressing related issues through orders issued in Formal Case No. 1070.

The numerous outages experienced this summer, during storms and prolonged periods of excessive heat, highlight the need for DR programs. Although there is some uncertainty regarding the readiness of the communications system for an AMI-dependent DR program, the Commission is urging Pepco to implement a DR program in the summer of 2011 to reduce the likelihood of sustained outages and brownouts. Pepco is already providing such a program in the summer of 2010 in Maryland, and Pepco provided similar programs in the District during the 1990s. The DR program would require Pepco to install a thermostat or switch on participating customers' central air conditioning units so the company can cycle the units on and off during peak demand periods. Those customers would receive a credit whose amount is dependent on how often and how long they allow the shut-offs. Meanwhile, in the summer of 2010, the regional transmission organization, PJM, has implemented its DR program on at least four days, shaving 40 to 60 megawatts off of peak demand and mitigating the need for load shedding, brownouts, etc.

INITIATIVE 2.4: Consider dynamic pricing during FY 11.

The new meters that Pepco will begin deploying in October 2010 will be able to record usage on at least an hourly basis. Thus, new rates can be designed and implemented that also vary on a time of use basis to promote energy efficiency. On April 1, 2010, at the direction of the Commission, Pepco filed a dynamic pricing and associated rate design plan. The Commission issued a Notice of Proposed Rulemaking (NOPR) on May 7, 2010. In FY11, while completing the rulemaking, the Commission will also address implementation-related issues such as customer bill modifications.

INITIATIVE 2.5: Render a decision in a new Pepco rate case (within 90 days of the close of the record)

Pepco has announced that it is preparing rate cases in the four jurisdictions it serves. Therefore, we anticipate the filing of a rate case in early FY11. Among other things, the case is likely to seek recovery for costs associated with the deployment of the AMI meters. Since Washington Gas may also file a rate case in December 2010, we may need to litigate two rate cases simultaneously in FY11.



PROPOSED KEY PERFORMANCE INDICATORS

Measure	FY2009 Actual	FY2010 Target	FY2010 YTD	FY2011 Projection	FY2012 Projection	FY2013 Projection
Industry Benchmark Measure - USDOT rating for the Commission's natural gas pipeline safety program ⁶	98% ⁷	95%	TBD	98%	98%	98%
Percent of utility quality of service standards that are not met and for which improvement plans have been	100%	90%	TBD	95%	95%	95%
Adjudicative case decisions to be issued within 90 days from the close of the record	100%	90%	TBD	95%	95%	95%
Cost per informal consumer complaint ⁸	\$69.20	\$67.84 ⁹	TBD	\$67.84	\$67.84	\$67.84
Number of hits to EducateDC consumer section of the homepage of the website (includes customer choice sections)	Baseline	12,000	TBD	12,000	18,000	20,000

⁶ Results are on a calendar year basis and are typically published by USDOT in the Fall after all state audits have been completed. DC's score of 98% in 2009 ranked 23rd best among the other 50 states.

⁷ FY 2009 audit for 2008 program

⁸ Cost refers to agency personnel expenses in processing informal consumer complaints. The target originally included a 3% escalator due to District Government-mandated cost of living increases and step increases. However, no DC Government pay increases have been approved for FY09 through FY11 and step increases have been eliminated as of the beginning of FY11

⁹ Revised